

Message Text

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ACTION EA-09

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FTC-01 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

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TO SECSTATE WASHDC 0707

INFO CINCPAC HONOLULU HI

COMUSJAPAN YOKOTA

CONFIDENTIAL TOKYO 10403

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, JA

SUBJECT: LOCKHEED DEVELOPMENTS

REFS: (A) TOKYO 9427; (B) TOKYO 10149

SUMMARY: LOCKHEED INVESTIGATIONS PICKED UP SPEED THIS WEEK WITH THE ARREST OF THREE MAJOR ALL NIPPON AIRWAYS (ANA) EXECUTIVES. THERE IS SPECULATION THAT THESE ARRESTS MAY LEAD TO THE NAMING OF SEVERAL LDP DIETMEN AS PAYOFF RECIPIENTS. THE STRONGLY NEGATIVE REACTION TO THE LOS ANGELES COURT'S REQUEST FOR FIRM GUARANTEES OF IMMUNITY BY THE JAPANESE JUDICIARY FOR THE LOCKHEED EXECUTIVES WAS REPLACED BY A MORE POSITIVE ONE LATER ON. END SUMMARY.

1. THE MAIN LOCKHEED EVENT THIS WEEK WAS THE ARREST OF THREE MORE ALL NIPPON AIRWAYS (ANA) EXECUTIVES: DIRECTOR KOICHI FUJIWARA, VICE PRESIDENT NAOJI WATANABE, AND PRESIDENT TOKUJI WAKASA. FUJIWARA IS ACCUSED OF FOREIGN EXCHANGE LAW VIOLATION FOR RECEIVING ONE HUNDRED TEN MILLION YEN FROM LOCKHEED. WATANABE AND WAKASA ARE CONFIDENTIAL

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ACCUSED OF PERJURY BEFORE THE DIET IN FEBRUARY AND MARCH

TESTIMONY IN WHICH THEY DENIED KNOWLEDGE OF EXISTING ANA OPTIONS TO BUY DC-10'S WHEN ANA TOOK OUT OPTIONS FOR LOCKHEED TRI-STARS IN 1970. WAKASA IS ALSO ACCUSED OF FOREIGN EXCHANGE LAW VIOLATIONS FOR RECEIVING FIFTY-ONE MILLION YEN FROM LOCKHEED.

2. TOKYO PROSECUTORS AND POLICE HAVE TOLD PRESS THEY CONSIDER THESE ARRESTS, PARTICULARLY WAKASA'S AN IMPORTANT STEP TOWARD "PENETRATING TO THE CORE" OF THE LOCKHEED SCANDAL. WAKASA JOINED ANA IN 1969 AFTER A CAREER IN THE TRANSPORTATION MINISTRY WHERE HE WAS VICE MINISTER UNTIL 1967. POLICE SAY HE IS SUSPECTED OF HAVING USED HIS CONTACTS IN FUNNELING LOCKHEED MONEY TO TRANSPORTATION MINISTRY OFFICIALS AND TO MEMBERS OF BOTH THE DIET AND LDP TRANSPORTATION COMMITTEES. RUMORS HAVE ALSO SURFACED IN THE PRESS THAT THE PROSECUTORS HAVE USED INFORMATION GIVEN BY THE RELATIVELY LOW-LEVEL ANA EXECUTIVES ARRESTED ON JUNE 22 (REF A) TO DRAW UP A LIST OF TWENTY TO THIRTY LDP DIETMEN SUSPECTED OF RECEIVING THE ANA MONEY. POLICE AND PROSECUTORS ARE ALSO LETTING IT BE KNOWN THAT THEY THINK WAKASA CAN SUPPLY EVIDENCE ESTABLISHING THESE PAYOFFS.

3. COMMENT: SINCE THE FIRST ARRESTS WERE MADE ON JUNE 22, LOCKHEED STORIES HAVE HAD THE LION'S SHARE OF MEDIA PLAY WITH ONLY THE SAN JUAN SUMMIT DRAWING EQUAL ATTENTION. THE ARREST OF SOME OF THE MORE PROMINENT EXECUTIVES IN JAPAN'S BUSINESS WORLD, INCLUDING THE PRESIDENT OF THE WORLD'S TENTH LARGEST AIRLINE, HAS SIGNALED THE SERIOUSNESS OF PROBE EFFORTS. AT THE SAME TIME, THE LDP IMAGE SUFFERED FURTHER BY THE UNCOVERING IN FUKUSHIMA PREFECTURE OF A BRIBERY-KICKBACK SYSTEM DIRECTLY INVOLVING THE PREFECTURE'S LDP ADMINISTRATION. THIS STORY HAS ADDED FUEL TO A SPATE OF EDITORIALS DECRYING BOTH BIG BUSINESS ETHICS AND POLITICAL CORRUPTION, PARTICULARLY IN THE LDP.

4. A FACTOR AFFECTING THE TIMING OF THE ARRESTS, WHICH NOW NUMBER TEN, HAS BEEN, WE SUSPECT, THE DESIRE TO PROMOTE THE IMPRESSION THAT THE INVESTIGATION IS GATHERING MOMENTUM. THE SIGNS SEEM TO BE THAT MORE REVELATIONS AND/OR ARRESTS ON THE WAKASA-WATANABE LEVEL WILL FOLLOW.

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5. THE SECOND MAIN LOCKHEED STORY THIS WEEK WAS THE LOS ANGELES DISTRICT COURT'S RULING THAT THE JAPANESE JUDICIARY WOULD HAVE TO FURNISH STRONGER GUARANTEES OF IMMUNITY FROM PROSECUTION TO THREE LOCKHEED EXECUTIVES IF JAPANESE PROSECUTORS WERE TO BE ABLE TO USE THEIR TESTIMONY IN INVESTIGATIONS. THE COURT'S SETTING OF THIS CONDITION ORIGINALLY PROVOKED JUSTICE MINISTER INABA INTO DECLARING

THAT THE JAPANESE SIDE WOULD HAVE TO ABANDON HOPE OF USING
THE LOS ANGELES DEPOSITIONS (REF B). HOWEVER, WITHIN
THIRTY-SIX HOURS INABA HAD BACKED OFF AND PRIMIN MIKI
WAS TALKING MORE POSITIVELY. MIKI TOLD THE DIET ON
JULY 7 THAT HE HAD INSTRUCTED THE SUPREME COURT TO TRY
TO FIND A WAY OF ACCOMMODATING THIS REQUEST.

HODGSON

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